



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

Public Disclosure

October 20, 2003

Community Reinvestment Act

## **Performance Evaluation**

**National Bank of Arizona  
Charter Number: 21383**

**335 North Wilmot Road  
Tucson, Arizona**

**Office of the Comptroller of the Currency  
Large Bank Supervision  
250 E Street, SW  
Washington, D.C. 20219-0001**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## Table of Contents

<b>Overall CRA Rating .....</b>	<b>1</b>
<b>Definitions and Common Abbreviations .....</b>	<b>2</b>
<b>Description of Institution .....</b>	<b>6</b>
<b>Scope of the Evaluation .....</b>	<b>7</b>
<b>Fair Lending Review .....</b>	<b>8</b>
<b>Conclusions With Respect to Performance Tests .....</b>	<b>8</b>
<b>Lending Test .....</b>	<b>8</b>
<b>Investment Test .....</b>	<b>15</b>
<b>Service Test .....</b>	<b>17</b>
<b>Appendix A: Scope of Examination .....</b>	<b>A-1</b>
<b>Appendix B: Market Profiles For Full-Scope Areas .....</b>	<b>B-1</b>
<b>Appendix C: Tables of Performance Data .....</b>	<b>C-1</b>

## Overall CRA Rating

### Institution's CRA Rating: "Satisfactory"

The following table indicates the performance level of **National Bank of Arizona** with respect to the Lending, Investment, and Service Tests:

Performance Levels	National Bank of Arizona Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect a good responsiveness by NBA to the credit needs of its AAs, particularly businesses located throughout those areas.
- Good distribution of loans among geographies and borrowers of different income levels, particularly the distribution of small loans to businesses.
- Excellent level and nature of community development investments.
- Good branch distribution.
- A high level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Assessment Area (AA):** Geographic area as delineated by a bank within which the OCC evaluates the bank's record of helping to meet the credit needs.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Low-or moderate-income (LMI):** Income levels that are less than 50% of the median family income, and, income levels that are at least 50%, but less than 80% of the median family income.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## **Description of Institution**

National Bank of Arizona (NBA) is a wholly owned subsidiary of Zions Bancorporation (Zions), a multibank holding company. As of September 30, 2003, NBA reported total assets of \$2.9 billion and a Tier 1 Capital position of \$157 million making it the fourth largest bank in Arizona, preceded by Bank One, Arizona, N.A., Bank of America, N.A., and Wells Fargo Bank, Arizona, N.A.

NBA is an intrastate bank with ten AAs identified within the state of Arizona. The bank was founded in Tucson in 1984. During the first 10 years of operation, the bank experienced dramatic growth opening several other offices in Tucson, Phoenix, and Flagstaff. NBA was acquired by Zions in 1994 and merged with Zions First National Bank of Arizona and Rio Salado Bank in the metro Phoenix area. The following year, the bank merged with Southern Arizona Bank in Yuma. In 1997, NBA acquired 11 branches from a sizeable institution in rural communities throughout the state.

NBA offers a full range of financial services through its nearly one thousand employees. The bank has 48 full-service branch offices, 45 automated teller machines (ATMs), and one Loan Production Office. NBA's operations are centered in Phoenix and its AAs encompass most of the state.

NBA's traditional market niche is focused on business banking. Its target market has been small to medium sized businesses and commercial real estate projects. Over the past three years, more than 75% of NBA's loans were comprised of commercial and commercial real estate credits. There are no financial impediments that limit NBA's ability to help meet the credit needs of its AAs.

NBA's CRA performance was last evaluated as of May 3, 1999. At that time, the bank's overall performance was rated "Satisfactory."

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation (PE) evaluates information on NBA's small loans to businesses, small loans to farms, and residential mortgage loan originations from January 1, 1999 through December 31, 2002. We also evaluated community development loans made from May 3, 1999 through October 20, 2003. Unless otherwise stated, references to loans mean exclusively these four types of loans and not any other NBA loan originations, e.g. large commercial loans. The PE also evaluates NBA's activities under the Investment and Service Tests. The evaluation period for these two tests is May 3, 1999 through October 20, 2003. Appendix A contains additional details on the scope of this PE.

### **Data Integrity**

We performed a data integrity review prior to this CRA Examination to help ensure data could be relied upon for our evaluation. A sample was chosen of small loans to businesses and small loans to farms originated in 2002 (CRA data). We also evaluated a sample of the bank's community development activities to help ensure a reasonable understanding was in place regarding the requirements for CRA credit.

Overall, we found the CRA data and the bank's proposed transactions for community development to be substantially correct. While some errors were noted, this did not affect the overall integrity and reliability of the information used.

The bank's Corporate Compliance unit also conducted a HMDA data integrity review. Their conclusions revealed no significant reporting issues and the data was found to be substantially accurate.

In summary, the data used in our CRA evaluation is considered reliable from which to draw conclusions on the bank's CRA performance.

### **Selection of Areas for Full-Scope Review**

We selected three AAs for our full-scope reviews. These are the Phoenix-Mesa, Tucson, and Yuma MAs. NBA has a strong presence in these MAs as they account for about 74% of its deposit gatherings and 70% of its lending activity. Accordingly, these three AAs are considered representative of NBA's overall CRA performance. The other two limited scope reviews are Flagstaff and six non-MA AAs grouped together, hereafter referred to as the Non-metropolitan Areas (non-MA).

### **Ratings**

NBA's overall performance rating is based primarily on conclusions reached on the full-scope AAs since again, these areas are most reflective of the bank's activity. The

bank's performance in the AAs receiving a limited-scope review was assessed primarily to ensure consistency.

In evaluating the NBA's performance under the Lending Test, small loans to businesses were weighted significantly more than HMDA loans in the Phoenix-Mesa and Tucson MAs. In the Yuma MA, HMDA loans and small loans to businesses were weighted relatively equal with small loans to farms receiving only a minimal weighting. The weighting is reflective of NBA's loan volumes over the evaluation period in each full-scope AA. The combined geographic and borrower distribution of HMDA, small loans to businesses, and small loans to farms provided the most weight to NBA's lending test conclusions. Qualitative factors, such as lending volume and the use of innovative and flexible lending programs provided a lesser amount of weight to conclusions. Community development lending provided a neutral or positive impact to the overall Lending Test rating, based on the volume and complexity of those types of loans.

AAs more influential with final ratings are those with higher percentage bank deposits and lending activity. Ratings are based primarily on full-scope reviews, but were also tempered by performance in limited-scope AAs.

### **Other Information**

This PE considered banking opportunities in NBA's AAs, particularly in lending. To help determine these opportunities, we considered information from community organizations to supplement our knowledge of the bank's AAs. Such community information included community contact data already on file with the various banking regulators, as well as, recent inquiries initiated as a result of this examination.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

NBA's performance under the Lending Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Phoenix-Mesa, Tucson, and Yuma MAs is good.

#### **Lending Activity**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Approximately two-thirds of the number of loans originated or purchased by NBA in the Phoenix-Mesa MA and over three-fourths in the Tucson MA were small loans to businesses, with HMDA loans comprising the remainder. The composition of the lending activity is reflective of NBA's focus on business banking in the larger metropolitan areas. Conversely, in the smaller Yuma MA, over one-half (55%) of the loans originated or purchased by NBA were HMDA loans with small loans to businesses comprising the majority of the remainder. Small loans to farms represented a relatively smaller portion of reportable loans in the MA.

Lending activity by NBA in its full-scope AAs is good. In the Phoenix-Mesa and Tucson MAs, performance is good. NBA ranks seventh in deposit market share in the Phoenix MA with a 2.34% share and sixth in the Tucson MA with a 5.62% share. Three large nationwide banks dominate the market for deposits in both AAs, commanding approximately 60% of the deposits in each. In addition, nationwide credit card companies dominate the market for small loans to businesses in all three full-scope AAs resulting in large numbers of loan originations with relatively low average loan sizes. As such, a comparison to the number of loans originated or purchased is less meaningful than the comparison of the dollar amount of loans originated or purchased. In the Phoenix-Mesa MA, NBA ranks tenth in the number of small loans to businesses originated or purchased with a 1.22% share, however, they rank second in terms of the dollar amount of loans extended with a 9.95% share. Performance is similar in the Tucson MA where NBA ranks ninth in the number of small loans to businesses with a 2.51% share but first in terms of the dollar amount of loans extended with almost 18% of total dollars lent in the MA. NBA's market shares of HMDA loans in both MAs are significantly lower than its deposit market shares, which is reflective of NBA's focus on business lending in these MAs. Performance in the Yuma MA is adequate. NBA ranks first in deposit market share with a 21.6% share, in a market where approximately 80% of the deposits are split fairly evenly among the top four banks. NBA ranks fourth in both the number and dollar amount of HMDA loans originated in the MA with 4.44% and 4.74% shares, respectively. For small loans to businesses, NBA ranks fifth in the number of loans originated or purchased with a 6.96% share but first in terms of the dollar amount of loans extended with a significant 42% share. NBA also ranks first in the number of small loans to farms in the MA, with a 37% share of the total number and 43% of the total dollar amount of loans extended.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of NBA's HMDA, small loans to businesses, and small loans to farms reflects good penetration throughout the full-scope AA geographies. Performance is good in the Phoenix-Mesa, Tucson, and Yuma MAs.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home purchase loan geographic distribution overall is adequate. In the Phoenix-Mesa MA, performance is adequate. While the portion of home purchase loans originated or purchased in low-income geographies is somewhat lower than the portion of owner-occupied units that are within those geographies, NBA's market share for those loans exceeds its overall market share for home purchase loans in the AA. The portion and market share of home purchase loans in moderate-income geographies is significantly lower than the comparable demographic and NBA's overall market share for such loans in the AA. In the Tucson MA, performance is poor. The portion of home purchase loans originated or purchased in low-income geographies is significantly lower than the comparable demographic. Market share information indicates that no such loans were originated or purchased by NBA in low-income geographies in 2002. In moderate-income geographies, the portion of home purchase loans is somewhat lower than the comparable demographic, however, NBA's market share for those loans exceeds its overall market share for home purchase loans in the AA. Performance is also poor in the Yuma MA where the portion of loans in moderate-income geographies is significantly lower than the comparable demographic and market share is somewhat lower than NBA's overall market share for such loans in the AA. An analysis of performance in the single low-income geography in the Yuma MA is not meaningful, as it includes only 11 owner-occupied and 37 total housing units.

Home improvement loan geographic distribution is excellent. Given the volume of home improvement loans originated or purchased by NBA in the Phoenix-Mesa and Tucson MAs (12 and 11 loans, respectively) was not sufficient to perform a meaningful analysis, the overall conclusion is based on performance in the Yuma MA. The portion and market share of home improvement loans originated and purchased by NBA in moderate-income geographies in the Yuma MA exceeds the portion of owner-occupied units that are within those geographies and NBA's overall market share for home improvement loans in that AA.

Refinance loan geographic distribution overall is poor. In the Phoenix-Mesa MA, performance is poor. NBA did not originate or purchase any refinance loans in low-income geographies in the AA. While the portion of refinance loans originated or purchased in moderate-income geographies is significantly lower than the portion of owner-occupied units that are within those geographies, NBA's market share for such loans equals its overall market share for refinance loans in the AA. Performance is also poor in the Tucson MA. The portion and market share of refinance loans in low-income geographies is significantly lower than the comparable demographic and NBA's overall market share for such loans in the AA. In moderate-income geographies, the portion of refinance loans originated or purchased is lower than the portion of owner-occupied units that are within those geographies. NBA's market share for such loans, however, exceeds its overall market share for refinance loans in the AA. Performance is good in the Yuma MA where the portion of refinance loans in moderate-income geographies is only somewhat lower than the comparable demographic and market share exceeds NBA's overall market share for such loans in the AA.

The volume of multi-family loan originations and purchases was not sufficient to perform a meaningful analysis, in each full-scope AA.

### ***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent. Performance in all three full-scope AAs is excellent. In the Phoenix-Mesa MA, the portions and market shares of NBA's small loans to businesses in both LMI geographies exceeds the portion of businesses located in those geographies and overall market share for that MA. In the Tucson MA, the portion of small loans to businesses in low-income geographies is only near to the comparable demographic, however, NBA's market share for such loans exceeds it's overall market share for small loans to businesses in the MA. In moderate-income geographies, both the portion and market share of such loans exceeds the comparable demographic and overall market share. In the Yuma MA, the portion of loans in moderate-income geographies exceeds the comparable demographic and the market share for such loans exceeds NBA's overall market share for small loans to businesses in the MA. There are no businesses located in the single low-income geography in the Yuma MA.

### ***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of NBA's small loans to farms is excellent. Because the volume of such loans originated or purchased by NBA in the Phoenix-Mesa and Tucson MAs (24 and 14 loans, respectively) were not sufficient to perform a meaningful analysis, the overall conclusion is based on performance in the Yuma MA. While the portion of small loans to farms originated and purchased by NBA in moderate-income geographies in the Yuma MA is only near to the portion of farms that are within those geographies, NBA's overall market share for such loans exceeds it's overall market share for small loans to farms in the MA. There are no farms located in the single low-income geography in the Yuma MA.

### ***Lending Gap Analysis***

An analysis of geographies where NBA had not originated or purchased any HMDA loans, small loans to businesses, or small loans to farms was performed for each full-scope AA. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

The substantial majority of NBA's reportable lending is within its AAs. Over the evaluation period, approximately 93% of home purchase loans, 98% of small loans to businesses, and 90% of small loans to farms originated or purchased by NBA were

within its AAs. The high percentage of lending within its AAs had a positive impact on the analysis of the distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

The overall borrower distribution of NBA's HMDA, small loans to businesses, and small loans to farms reflects a good dispersion among borrowers of different income levels throughout the full-scope AAs. Performance is good in the Phoenix-Mesa, Tucson, and Yuma MAs.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home purchase loan borrower distribution is adequate. In the Phoenix-Mesa and Tucson MAs, performance is good. The portion of loans made to low-income borrowers in the Phoenix-Mesa MA is near to the portion of families that are defined as such, while the market share for such loans exceeds NBA's overall market share for home purchase loans in that MA. In addition, the portion of loans made to moderate-income borrowers in the Phoenix-Mesa MA exceeds the comparable demographic. In the Tucson MA, the portion of loans made to low-income borrowers is significantly lower than the comparable demographic, however, the portion of loans made to moderate-income borrowers is near to the comparable demographic. In addition, the market share of loans made to low-income borrowers is near to and to moderate-income borrowers exceeds NBA's overall market share for home purchase loans in that MA. Performance in the Yuma MA is poor. The portion of loans made to low-income borrowers is significantly lower and to moderate-income borrowers is lower than the comparable demographics. In addition, market shares for both income categories are lower than NBA's overall market share for home purchase loans in that MA.

Home improvement loan borrower distribution is excellent. Because the volume of home improvement loans originated or purchased by NBA in the Phoenix-Mesa and Tucson MAs (12 and 11 loans, respectively) were not sufficient to perform a meaningful analysis, the overall conclusion is based on performance in the Yuma MA. The portions of loans made to low-income borrowers is near to and to moderate-income borrowers exceeds the portions of families that are defined as such in the Yuma MA. In addition, market shares for both income categories greatly exceed NBA's overall market share for home improvement loans in that MA.

Refinance loan borrower distribution is poor. In the Yuma MA, performance is adequate. While the portion of loans made to low-income borrowers is significantly lower and moderate-income borrowers is somewhat lower, the market shares for each income category exceed NBA's overall market share for refinance loans in that MA. In the Phoenix-Mesa MA, performance is poor. While the distribution of loans is similar to that in the Yuma MA, the market shares for both income categories are lower than

NBA's overall market share for such loans in the Phoenix-Mesa MA. Performance in the Tucson MA is also poor.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses of different sizes is good. Performance in the Yuma MA is excellent. The portion of loans made to businesses with revenues of less than \$1 million is near to the portion of businesses defined as such in the MA, while the market share of such loans greatly exceeds NBA's overall market share for small loans to businesses in that MA. In the Phoenix-Mesa and Yuma MAs, performance is good. In both MAs, the portion of loans to businesses with revenues of less than \$1 million is lower than the comparable demographic, however, the market shares for such loans exceed NBA's overall market shares for small loans to businesses in each MA.

### ***Small Loans to Farms***

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of NBA's small loans to farms of different sizes is good. Because the volume of such loans originated or purchased by NBA in the Phoenix-Mesa and Tucson MAs (24 and 14 loans, respectively) were not sufficient to perform a meaningful analysis, the overall conclusion is based on performance in the Yuma MA. While the portion of loans originated to farms with revenues of less than \$1 million is lower than the portion of farms that are defined as such, the market shares for such loans exceed NBA's overall market share for small loans to farms in that MA.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

NBA originated a high level of CD loans within its AA, which had a positive impact on the Lending Test rating. CD loans originated are particularly responsive to credit needs that support affordable housing and economic development activities. The bank originated 25 loans totaling \$76.6 million. Examples of CD loans originated include:

- A \$1.3 million loan in the Tucson MA to refinance a 92-unit apartment complex located in a moderate-income tract. The apartment complex provides affordable housing for LMI tenants.

- A \$10.7 million loan in the Phoenix-Mesa MA to fund infrastructure costs for the development of 132 single-family lots and commercial land in a moderate-income area. The single-family houses will provide affordable housing for LMI people.
- A loan for \$151 thousand to a CD organization to purchase two homes for renovation and sale to LMI families in the Phoenix-Mesa MA.
- Two loans totaling \$3 million to a CD organization to fund development of 135 lots and infrastructure for another 183 lots located in a moderate-income area in the Yuma MA. The single-family homes provide affordable housing for LMI people.
- A loan for \$2.1 million to finance construction of a supermarket in the Tucson MA. The supermarket provides services and jobs to residents of the town, which consists of two moderate-income geographies, and contributes to the revitalization and stabilization of the community. This is the only supermarket in the town.

### **Product Innovation and Flexibility**

Innovation and flexibility in product design and application had a positive effect on NBAs Lending Test conclusions. Innovative and flexible lending products are primarily designed to meet the affordable housing needs of LMI borrowers. The bank partnered with a number of CD non-profit organizations and municipalities throughout the AA, to offer an affordable housing product.

The bank's Affordable Housing Program (AHP) is available to first time homebuyers and is uniquely tailored to meet the program parameters of each participating non-profit or municipality. All homebuyers must complete pre-purchase counseling. Interest rates are lower than those offered for standard products, down payment assistance is available, borrower's contribution is reduced, and underwriting, including qualifying ratios, is flexible. The AHP's flexibility allows borrowers to leverage their down payment assistance to include various funding sources. Income guidelines are restricted to LMI applicants.

During the evaluation period, the bank made a total of 140 AHP loans for \$11.2 million. NBA dedicated the resources to effectively disseminate information about the product to eligible applicants, and to underwrite, approve, fund, and monitor the loans.

NBA is the only bank in the Phoenix area to participate in the City of Phoenix First Time Homebuyers program, which is available to low-income applicants at very low interest rates. Down-payment assistance, reduced borrower contribution, and flexible underwriting are part of the program. This is an acquisition and rehabilitation program, and a minimum of \$5 thousand in rehabilitation expenses is required on the purchased residence. During the evaluation period, a total of 19 such loans were made for approximately \$2 million.

NBA provided a flexible loan product to finance construction of a subdivision in a town in a moderate-income geography in the Phoenix-Mesa MA. The subdivision is for low- and moderate-income state and prison workers in the town. This product was flexible as the bank disbursed 100% of the sales price during the construction period, which is not traditionally done, and the loans were at a reduced cost. During the evaluation period, a total of 26 such loans were made totaling \$2.7 million.

NBA was approached by a non-profit organization in the Tucson MA to address a need for small dollar amount loans for emergency car repairs, medical expenses, or housing problems that might prevent low-income people from continuing to work or go to school. The bank provided a \$50 thousand low interest, extended term loan to the non-profit organization, which was then able to provide very low-interest loans with flexible underwriting for a maximum of \$3 thousand to eligible applicants. The loans, which are serviced by NBA, have a two-year maturity. There have been 12 loans made under the program.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Flagstaff MA is consistent with the bank's overall "High Satisfactory" performance under the Lending Test. In the non-metropolitan areas of the state, NBA's performance is weaker than it's overall performance under the Lending Test, but remains adequate. The weaker performance is centered in the poor geographic distribution of loans to small businesses within the non-metropolitan areas. The weaker performance did not impact the overall conclusions for the Lending Test, which was based primarily on performance in the full-scope AAs. Refer to Tables 1 through 12 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "Outstanding". Based on full-scope reviews, the bank's performance in Phoenix-Mesa and Yuma MAs is excellent and good in the Tucson MA.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

NBA's investment performance in Arizona is based on its level of investments and management's active participation and leadership in providing CD investments. The primary credit needs of the communities that comprise the bank's AA are affordable housing for LMI people and economic development. The investments made were very responsive to the identified credit needs. The bank's qualified investments and donations totaled \$43.8 million. Of that total, \$27.6 million in investments and \$353

thousand in grants and donations were made during the current evaluation period. Another \$15.8 million investment was made prior to the evaluation period and remains on the bank's books. All qualified investments were made within the bank's AAs.

The bank's performance in the Phoenix-Mesa MA is reflective of its overall excellent performance. Investments totaled \$15.7 million. Three investments totaling \$11.9 million were for CD municipal bonds. NBA has developed an expertise in issuing CD related bonds to local rural municipalities throughout the bank's AA. NBA has displayed leadership and innovativeness by developing a significantly streamlined application process with expedited approval and reduced upfront costs. CD related bonds issued in the Phoenix-Mesa MA were used to finance a health care facility in a moderate-income area, to construct a sewage system as part of a plan to revitalize and stabilize a moderate-income town, and to provide economic development opportunities and services in a distressed area targeted for redevelopment. The bonds require creative structuring including capitalization of interest, delay of principal repayment, pre-pay without penalties, and reduced cost structure to maintain affordability for these usually non-rated and non-insured communities. The remaining investments in the Phoenix-Mesa MA consisted of the purchase of \$3 million in CD qualified mortgage-backed securities and a \$50 thousand investment in an economic development community development corporation.

The bank's performance in the Tucson MA was good. Investments totaled \$2.4 million and consisted of the purchase of CD qualified mortgage-backed securities.

The bank's performance in the Yuma MA was excellent. Investments totaled \$5.8 million and consisted primarily of a \$5.6 million investment in a health care facility that promotes CD for LMI individuals.

The bank made three investments totaling \$2 million in an AA wide small business investment company that was formed by a bank affiliate. The investment has been allocated throughout the AA based on the MA's pro rata share of deposits.

NBA made a total of 182 grants and donations totaling \$353 thousand to CD organizations throughout the AA. These grants and donations all targeted LMI persons through a wide variety of community needs, including affordable housing, small business financing, welfare-to-work programs, and other services primarily focused on battered women and children, at-risk youth, and the homeless.

In addition, the bank had a total of \$81 thousand in Federal Home Loan Bank foregone dividends. These foregone dividends fund the Federal Home Loan Bank's Affordable Housing Program.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Flagstaff MA is not inconsistent with the bank's overall "Outstanding" performance. The bank's performance in the non-MA is not consistent with the bank's overall

“Outstanding” performance under the Investment Test. The bank made no investments in the non-MA during the evaluation period other than 33 grants and donations totaling \$21 thousand. The non-MA area also received a \$465 thousand allocation of the AA wide investment based on its pro rata share of deposits. Refer to the Table 14 in appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

NBA’s performance under the Service Test is rated “High Satisfactory.” Based on full-scope reviews the banks performance in the Phoenix-Mesa, Tucson and Yuma MAs is good.

#### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank’s branch delivery system.

The accessibility of the bank’s retail services is good in the Phoenix-Mesa, Tucson and Yuma MAs. NBA’s branch delivery systems are accessible to essentially all portions of the banks AA’s. In addition, NBA reflects leadership traits in several of its CD services. Branch distribution received the most weight in rating the bank’s performance under the service test.

NBA’s distribution of branches in the Phoenix-Mesa MA is good. While NBA does not have branches in the low-income areas here, only 5% of the population resides there. Customers within this area are serviced with one nearby branch located within one mile of these low-income census tracts. NBA’s distribution of branches in moderate-income areas at 35% greatly exceeds the respective population distribution of 26% there.

NBA’s distribution of branches in the Tucson, MA is good. The bank’s six branches in the low-income tracts of this AA represent 17% of its total greatly exceeding the respective population of 5% residing in those areas. This measurement declines in moderate-income areas where the banks distribution of branches is 17% versus the population distribution of 28%. However, the overall accessibility is improved as the percentage of other branches in close proximity to moderate-income areas essentially matches the population demographics.

NBA’s branch distribution in the Yuma MA is good. The bank currently has a total of six branches in this AA, of which 17% are located in moderate-income tracts where 34% of the population resides. The bank does not have any branches in low-income areas, however the population level here is minimal at .1%. Two full-service bordering branches improve the bank’s accessibility here. These bordering branches are located a nominal .25 and .50 miles from the moderate-income census tract and are located in high traffic shopping areas accessible by public transportation.

NBA's ATM network within the Phoenix-Mesa Multi-state AA provides an alternative delivery system for providing retail-banking services within moderate-income areas. However, the banks proprietary ATMs located in moderate-income geographies (18%) are below the population (26%) residing there. There are no ATM's located within low-income geographies.

NBA's ATM network within the Tucson, MA offers an effective alternative delivery system for providing retail-banking services. The banks proprietary ATMs located in moderate-income geographies at 33% exceed the respective 28% population residing there. NBA does not have proprietary ATM locations within low-income areas where 5% of the population resides. The one branch located in the low-income area does not have an ATM at this location.

NBA's ATM network within the Yuma AA offers also serves as an alternative delivery system for providing retail-banking services. The banks proprietary ATMs located in moderate-income geographies at 17% is below the 34% population distribution residing there. However, ATMs bordering moderate-income areas augments the delivery of services which when added exceeds the population distribution in the moderate-income census tracts.

### **Changes in Branch Locations**

During the evaluation period, NBA's branch opening and closing activity in each of its full-scope AAs has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies. During the examination, we reviewed the bank's file reports for branches closed in LMI census tracts. The reports were found to be reasonable with details regarding closing analyses, financial institutions within a three-mile radius of the branch being considered for closure, and distance to the nearest NBA office.

### **Reasonableness of Business Hours and Services in Meeting Assessment area Needs**

The reasonableness of business hours and services offered at branch locations in the Phoenix-Mesa, Tucson and Yuma MA's do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies or individuals. The range and accessibility of services is comparable to those in middle- and upper-income tracts.

Consumers within LMI census tracts are serviced within the traditional banking store format. The traditional branch format provides a wide array of banking services including; full teller transactional services, safe deposit, and new account and loan services. Traditional branch banking hours are Monday-Thursday 9a.m.- 4p.m. and Fridays 9:a.m. to 5p.m or 9a.m to 6p.m.

NBA offers a wide array of products and services through many of its branch locations. In addition, NBA's alternative banking systems include 24-hour telephone banking and 24-hour Internet banking services. NBA customers are able to obtain deposit and loan

account information, pay bills electronically, and transfers funds from remote locations. All of this makes banking services accessible to a wide geographical area. Some of the more notable products and services offered by NBA include:

**Individual Development Accounts (IDA)** - The IDA account is designed to assist low – to-moderate income families in accumulating funds necessary to purchase their first home, start a business, or finance a post-secondary education. NBA waives all fees and minimum balance requirements. The IDA also accrues interest and saving funds are matched by a participating agency at the end of the authorized time period. NBA was the first bank in the state of Arizona to offer IDAs and has over 150 such accounts.

**Affordable Housing Program** – NBA's affordable housing program provides financial literacy counseling, down payment and closing cost assistance, low down payment loans, and competitive rates for LMI individuals. The affordable housing program provides financial support for LMI individuals requiring less out-of-pocket expense, allowing them to retain more of their savings for the unexpected expenses of home ownership.

**ATM Access Checking** – NBA offers a basic checking account targeted to individuals with limited resources. A nominal monthly service fee and minimal amount is required to open the account. There is no minimum daily balanced required and 10 checks are allowed per statement cycle.

**NBA Direct Deposit Checking Account** – NBA offers this account designed to assist low-income individuals with receiving federal or state benefits. A minimum balance is not required.

**Senior Checking** – NBA offers a basic checking account specifically designed to benefit senior citizens of limited resources. A minimum deposit of \$100 is required to open a senior checking account. No minimum daily balance is required, checks are free, and there is unlimited check writing and ATM withdrawals.

NBA also offers a full range of products and services designed especially to meet the banking needs of small business owners. These products are available to all businesses however, and there was no data available to show the usage of such products by business size or its geographic location. As a result, significant weight was not placed on these products/services when drawing conclusions.

**Small Business Banking Center** – Offers a variety of services and technical assistance to small business owners from start-up to expansion of the business. Some of the services offered are a variety of loan products, cash management products, and products relating to retirement planning.

**Group Banking Plan** – This account was designed especially to help meet the banking needs of small business owners. Account features include: no monthly service charges; unlimited check writing and the first order of checks are free. In addition, NBA waives

fees for official checks, money orders, and traveler checks along with a ½% discount on standard consumer loans.

### **Community Development Services**

NBA provided a high level of CD services. During the evaluation period, members of management and employees of the bank contributed numerous hours of service with their vast financial and technical expertise to a wide array of community services and non-profit organizations. In aggregate, NBA was involved in over 50 CD service activities (38 within the full-scope AAs). These CD services targeted LMI individuals or geographies, either through affordable housing, small business services, revitalization or stabilization, or other service initiatives. The bank also helped provide leadership guidance and direction through board or other high-level committee membership in over two-thirds of such CD activities.

In the Phoenix-Mesa MA, NBA provided 23 CD services. The following are highlights:

- Partnering with a non-profit organization to administer and advise on its Individual Development Accounts (IDA's). As noted previously, the IDA account is designed to assist LMI families throughout the state of Arizona in accumulating funds necessary to purchase their first homes, start a business or finance a post-secondary education.
- Providing financial and technical expertise to facilitate construction of four, three-bedroom transitional apartments at a domestic violence facility.
- Providing financial and technical expertise on a CRA Consortium account that enabled several smaller banks to acquire a CRA qualified investment. The initiative benefited LMI people with affordable housing.

The level of CD (10) services provided in the Tucson MA was good. The following are highlights:

- Serving as President and Treasurer to provide financial guidance and technical assistance to an organization that provides a 52-bed facility to low-income elderly men.
- Serving as Chairman of the Loan Committee for a social services organization that provided LMI people with emergency loans at low interest rates, extended terms, and flexible underwriting for car purchase or repair or first/last month rent.

The level of CD (5) services provided in the Yuma MA AA is good and includes:

- Providing financial and technical expertise relating to a mortgage subsidy program that targeted 170 pre-qualified first time low-income homebuyer families.

- Sponsoring and facilitating a first-time homebuyers workshop targeted to LMI people with a focus toward non-English speaking persons.

### **Conclusion for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, NBA's performance under the Service Test in the Flagstaff MA is inconsistent with the bank's overall "High Satisfactory" performance under the Service Test. This is due to the weaker distribution of branches in the LMI areas of the Flagstaff MA. However, these weaker performances did not detract from the overall rating, primarily due to the greater weight given to performance in the full-scope AA. Performance in the Non-MA AA's was not inconsistent with the bank's overall "High Satisfactory " performance under the Service Test in Arizona.

Refer to Table 15 in appendix C for facts and data to support these conclusions.



## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/99 to 12/31/02 Investment and Service Tests and CD Loans: 05/03/99 to 10/20/03	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National Bank of Arizona, Phoenix, Arizona	<ul style="list-style-type: none"> <li>-Small Loans to Businesses</li> <li>-Small Loans to Farms</li> <li>-Home Mortgage Loans</li> <li>-Community Development Loans, Investments and Services</li> </ul>	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None reviewed	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Phoenix Tucson Yuma	Full-Scope Full-Scope Full-Scope	MA MA MA
Flagstaff Non-MA Areas	Limited-Scope Limited-Scope	MA Non-MA

# Appendix B: Market Profiles for Full-Scope Areas

---

## Table of Contents

MARICOPA COUNTY/PINAL COUNTIES (PHOENIX MA).....	B-2
PIMA COUNTY (TUCSON MA).....	B-3
YUMA COUNTY (YUMA MA).....	B-4

## Phoenix-Mesa MA

Demographic Information for Full-Scope Area: Phoenix-Mesa MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	477	6.29	24.53	37.32	31.03	.83
Population by Geography	2,181,181	4.95	26.18	39.16	29.55	.16
Owner-Occupied Housing by Geography	525,485	2.55	20.77	41.86	34.82	.00
Businesses by Geography	171,095	4.98	20.75	36.17	37.53	.57
Farms by Geography	3,019	3.58	20.54	41.24	34.61	.03
Family Distribution by Income Level	567,666	19.56	18.30	23.09	39.05	.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	214,930	8.43	38.20	38.78	14.59	.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$35,425 = \$57,900 = 11.18%	Median Housing Value Unemployment Rate				\$86,089 3.06%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Phoenix-Mesa MA is the bank's largest AA. The AA is comprised of most of Maricopa and Pinal County's geographies, except 13 census tracts. NBA has 41% of its branches here. Likewise, nearly 40% of its lending and 43% of its deposits are derived from this AA. NBA is sixth in deposit market share here. Primary competitors include Bank One, Arizona, N.A., Bank of America, National Association, Wells Fargo Bank, Arizona, N.A., Direct Merchants Credit Card Bank and World Savings Bank.

Maricopa County is one of the largest counties in the country stretching 100 miles in diameter and covering a total of 9,200 miles. The county is comprised of the City of Phoenix and several small cities such as Avondale, Buckeye, Chandler, Goodyear, Glendale, Mesa, Scottsdale, Tempe, and Wickenburg. In addition to the urban cities in the county, there is a large unincorporated area and several Native American Communities, including the Fort McDowell Mohave Apache, Salt River Pima Maricopa Indian Community, AK-Chin Indian Community and Gila River Indian Community.

The area is in the midst of an economic growth period supported by thriving high tech, tourism, biomedical, and transportation industries. As of 1990 census data, the median housing price is indicated to be \$85,760. However, various non-profit organizations indicated that since 1990, the average sales price has increased to \$160,000, placing home ownership out of the reach of most LMI families in the area.

Information obtained regarding community needs identified affordable housing and loans to small businesses as being most prevalent.

## Tucson MA

Demographic Information for Full-Scope Area: Tucson MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	115	8.70	29.57	34.78	26.95	0.00
Population by Geography	666,880	5.36	28.23	35.16	31.25	0.00
Owner-Occupied Housing by Geography	159,467	2.84	19.92	38.83	38.41	0.00
Businesses by Geography	38,348	7.20	23.90	31.50	37.40	0.00
Farms by Geography	726	3.86	21.76	34.85	39.53	0.00
Family Distribution by Income Level	170,709	20.55	17.75	22.37	39.33	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	65,382	9.11	38.98	36.23	15.68	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$30,985 = \$49,200 = 15.26	Median Housing Value Unemployment Rate				\$79,484 3.55%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Tucson MA is comprised of Pima County, the second largest county in the state. It is also NBA's second largest AA. Pima County covers 9,184 square miles and approximately 42 % of the land is comprised of the Sells/Tohono O'Odham Reservation and Pascua Yaqui Indian Reservation. It should be noted that the Department of Housing and Urban Development has designated an Empowerment Zone within the City of Tucson. This Empowerment Zone provides tax, financing, and workforce training that is designed to revitalize and/or stabilize the inner city.

The bank has six branches located here that helped generate about 19% of the bank's loan volume and 22% of its deposits as of year-end, 2002. NBA's deposit market share of nearly 7% places it fifth as of June 30, 2002 behind Bank One, Arizona, N.A., Bank of America, National Association, Wells Fargo Bank, Arizona, N.A., and Compass Bank. About 25% of the bank's small business loans were made here in Pima County giving it about 4% of the number of loans, but 19% of the dollar level.

Major employers in the Tucson MA include American Airlines, ASARCO, Arizona Air National Guard, Bombardier Aerospace, Bur-Brown, and Ratheon Missiles Systems. Major industries include Aerospace Bioindustry, Environmental Technology, Information Technology, Manufacturing, and Optics.

## Yuma MA

Demographic Information for Full-Scope Area: Yuma MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	4.35	30.43	43.48	21.74	0.00
Population by Geography	106,895	0.01	34.35	37.15	28.49	0.00
Owner-Occupied Housing by Geography	23,846	0.05	28.47	41.64	29.84	0.00
Businesses by Geography	5,144	0.00	31.78	41.76	26.46	0.00
Farms by Geography	303	0.00	28.05	53.47	18.48	0.00
Family Distribution by Income Level	28,110	19.86	18.27	21.99	39.88	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,718	0.07	47.10	38.15	14.68	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$25,648 = \$36,800 = 16.54	Median Housing Value Unemployment Rate				\$62,857 4.45%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Yuma MA is the bank's fourth largest AA where it has six branches. NBA's actual AA here includes all but one of Yuma's 24 geographies. Yuma is 5,522 square miles and heavily composed of desert land and rugged mountains. The valley regions, however, contain an abundance of arable land that is irrigated with the Colorado River water. Agriculture, tourism, military and government are the county's principal industries. During the winter months, the population grows considerably with part-time residents. All of Yuma County is designated an Enterprise Zone (typically, a depressed area designated by state or local government where firms are given tax concessions and various planning restrictions are lifted, in order to attract new industry and business to the area).

NBA has approximately 26% of Yuma's deposit market share, which is the largest of all institutions. Major competitors here are Bank One, Arizona, Wells Fargo Bank, Arizona, N.A., Bank of America, National Association, Foothills Bank, and Compass Bank.

Yuma is an AA that offers good opportunities for small loans to farms. Approximately 48% of NBA's small loans to farms are in Yuma. In contrast, NBA's mortgage lending in the area is nominal and the bank has below 4% of the market share of mortgages in Yuma. Information obtained regarding community needs identified affordable housing and loans to small businesses as being most prevalent.

Major employers are Barkley Farms, Bravo Packing, Dole Corporation, Gowan Company, Grower's Services, Cocopah Indian Tribe and Emco Harvesting.

## Appendix C: Tables of Performance Data

---

### Table of Contents

CONTENT OF STANDARDIZED TABLES .....	C-2
TABLES OF PERFORMANCE DATA .....	C-5

## Content of Standardized Tables

---

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income

geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Charter Number: 21383

Table 1. Lending Volume

LENDING VOLUME												
Geography: STATE OF ARIZONA												
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002												
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Phoenix-Mesa	39.07	1,788	446,463	3,481	632,045	24	3,651	5	16,151	5,298	1,098,310	40.98
Tucson	19.11	534	96,153	2,034	340,321	14	3,658	12	18,969	2,594	459,101	22.11
Yuma	12.05	893	90,407	662	97,380	74	10,358	5	8,873	1,634	207,018	10.64
<b>Limited Review:</b>												
Flagstaff	7.80	523	81,623	533	74,927	1	31	1	1,120	1,058	157,701	5.19
Non-	21.97	1,479	212,953	1,458	152,510	40	3,492	2	31,450	2,979	400,405	21.08

\*Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 1999 to October 20, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	1,162	39.22	2.55	1.64	20.77	12.31	41.86	37.95	34.82	48.10	0.23	0.29	0.12	0.22	0.31	
Tucson MA 8520	242	8.17	2.84	0.41	19.92	13.22	38.83	25.21	38.41	61.16	0.40	0.00	0.47	0.37	0.41	
Yuma MA 9360	504	17.01	0.05	0.00	28.47	11.90	41.64	54.17	29.84	33.93	3.37	0.00	2.97	3.34	3.66	
<b>Limited Review:</b>																
Flagstaff MA 2620	279	9.42	15.29	2.15	10.92	13.62	41.49	50.54	32.30	33.69	2.04	0.00	2.28	1.95	2.24	
Non-MA Areas	776	26.18	0.00	0.00	8.63	3.74	60.11	62.89	31.26	33.37	3.02	0.00	3.00	3.28	2.56	

\* Based on 2002 Peer Mortgage Data: Western Region 1.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	12	7.02	2.55	0.00	20.77	50.00	41.86	16.67	34.82	33.33	0.08	0.00	0.42	0.02	0.03	
Tucson MA 8520	11	6.43	2.84	0.00	19.92	9.09	38.83	54.55	38.41	36.36	0.20	0.00	0.00	0.53	0.09	
Yuma MA 9360	44	25.73	0.05	0.00	28.47	38.64	41.64	43.18	29.84	18.18	7.09	0.00	8.00	9.78	2.53	
<b>Limited Review:</b>																
Flagstaff MA 2620	27	15.79	15.29	3.70	10.92	7.41	41.49	59.26	32.30	29.63	8.76	0.00	5.56	8.96	10.42	
Non-MA Areas	77	45.03	0.00	0.00	8.63	6.49	60.11	74.03	31.26	19.48	7.38	0.00	6.06	8.42	5.67	

\* Based on 2002 Peer Mortgage Data: Western Region 1.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	609	29.58	2.55	0.00	20.77	10.18	41.86	29.23	34.82	60.59	0.18	0.00	0.18	0.13	0.22	
Tucson MA 8520	271	13.16	2.84	0.74	19.92	11.81	38.83	26.57	38.41	60.88	0.43	0.21	0.51	0.42	0.43	
Yuma MA 9360	338	16.42	0.05	0.00	28.47	20.41	41.64	50.59	29.84	29.00	5.18	0.00	6.44	5.67	4.09	
<b>Limited Review:</b>																
Flagstaff MA 2620	216	10.49	15.29	2.78	10.92	6.02	41.49	44.44	32.30	46.76	1.78	9.68	1.08	1.31	2.48	
Non-MA Areas	625	30.35	0.00	0.00	8.63	4.32	60.11	65.92	31.26	29.76	2.16	0.00	1.99	2.32	1.91	

\* Based on 2002 Peer Mortgage Data: Western Region 1.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	5	20.83	3.67	0.00	37.97	40.00	39.74	0.00	18.62	60.00	0.00	0.00	0.00	0.00	0.00	
Tucson MA 8520	10	41.67	8.00	20.00	29.15	20.00	36.04	50.00	26.81	10.00	2.13	0.00	2.27	3.70	0.00	
Yuma MA 9360	7	29.16	0.00	0.00	19.90	42.86	38.74	28.57	41.36	28.57	11.11	0.00	20.00	0.00	0.00	
<b>Limited Review:</b>																
Flagstaff MA 2620	1	4.17	0.00	0.00	15.84	100.00	52.32	0.00	31.84	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MA Areas	1	4.17	0.00	0.00	6.25	0.00	54.00	0.00	39.75	100.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: Western Region 1.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	3,481	42.62	4.99	9.55	20.92	22.19	36.36	38.55	37.73	29.71	1.22	2.49	1.53	1.36	0.96	
Tucson MA 8520	2,034	24.90	7.20	5.46	23.90	25.76	31.50	33.53	37.40	35.25	2.51	2.57	2.69	2.70	2.59	
Yuma MA 9360	662	8.10	0.00	0.00	31.78	34.59	41.76	37.61	26.46	27.80	6.96	0.00	9.34	7.23	6.66	
<b>Limited Review:</b>																
Flagstaff MA 2620	533	6.53	5.01	4.69	15.93	15.76	52.08	51.03	26.98	28.52	3.94	10.87	4.60	4.46	4.94	
Non-MA Areas	1,458	17.85	0.00	0.00	6.77	1.92	59.72	57.27	33.51	40.81	3.69	0.00	1.83	4.33	4.99	

\* Based on 2002 Peer Small Business Data: WE Region.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2003).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	24	15.69	3.59	4.17	20.55	54.17	41.25	29.17	34.61	12.49	3.21	0.00	4.35	3.25	1.30	
Tucson MA 8520	14	9.15	3.86	7.14	21.76	21.43	34.85	64.29	39.53	7.14	12.50	0.00	40.00	23.53	0.00	
Yuma MA 9360	74	48.37	0.00	0.00	28.05	24.32	53.47	60.81	18.48	14.87	36.67	0.00	41.67	39.39	40.00	
<b>Limited Review:</b>																
Flagstaff MA 2620	1	0.65	4.10	0.00	16.39	0.00	63.11	0.00	16.40	100.00	0.00	0.00	0.00	0.00	0.00	
Non-MA Areas	40	26.14	0.00	0.00	8.98	0.00	61.84	95.00	29.18	5.00	13.18	0.00	0.00	17.86	5.88	

\* Based on 2002 Peer Small Business Data: WE Region.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2003).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	1,162	39.22	19.56	13.51	18.30	19.85	23.09	14.05	39.05	52.59	0.26	0.35	0.20	0.16	0.36	
Tucson MA 8520	242	8.17	20.55	5.26	17.75	16.23	22.37	19.30	39.33	59.21	0.42	0.38	0.52	0.30	0.46	
Yuma MA 9360	504	17.01	19.86	4.20	18.27	14.80	21.99	22.20	39.88	58.80	3.79	2.98	1.90	4.14	4.40	
<b>Limited Review:</b>																
Flagstaff MA 2620	279	9.42	22.68	2.53	16.13	13.00	20.20	22.38	40.99	62.09	2.24	1.39	1.09	1.95	2.63	
Non-MA Areas	776	26.18	19.02	1.34	17.86	7.11	21.17	15.30	41.95	76.25	3.22	2.35	3.13	2.49	3.45	

\* Based on 2002 Peer Mortgage Data: Western Region 1.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.71% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	12	7.02	19.56	8.33	18.30	16.67	23.09	16.67	39.05	58.33	0.08	0.19	0.13	0.04	0.08	
Tucson MA 8520	11	6.43	20.55	27.27	17.75	9.09	22.37	0.00	39.33	63.64	0.21	0.71	0.32	0.00	0.20	
Yuma MA 9360	44	25.73	19.86	15.91	18.27	20.45	21.99	18.18	39.88	45.46	7.24	9.68	8.51	4.35	7.69	
<b>Limited Review:</b>																
Flagstaff MA 2620	27	15.79	22.68	3.70	16.13	22.22	20.20	29.63	40.99	44.45	9.30	14.29	12.00	9.68	7.58	
Non-MA Areas	77	45.03	19.02	9.09	17.86	20.78	21.17	24.68	41.95	45.45	7.64	10.00	13.73	8.57	5.69	

\* Based on 2002 Peer Mortgage Data: Western Region 1.  
 \*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.  
 \*\*\* Percentage of Families is based on the 1990 Census information.  
 \*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF ARIZONA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Phoenix-Mesa MA 6200	609	29.58	19.56	3.60	18.30	14.39	23.09	16.73	39.05	65.28	0.21	0.12	0.18	0.14	0.26	
Tucson MA 8520	271	13.16	20.55	5.26	17.75	10.53	22.37	14.17	39.33	70.04	0.50	0.53	0.31	0.27	0.66	
Yuma MA 9360	338	16.42	19.86	4.79	18.27	14.37	21.99	26.35	39.88	54.49	6.73	11.01	7.33	7.93	5.88	
<b>Limited Review:</b>																
Flagstaff MA 2620	216	10.49	22.68	5.21	16.13	9.95	20.20	21.33	40.99	63.51	2.07	3.76	2.02	1.74	2.11	
Non-MA Areas	625	30.35	19.02	2.81	17.86	9.44	21.17	17.05	41.95	70.70	2.49	3.20	2.68	2.25	2.50	

\* Based on 2002 Peer Mortgage Data: Western Region 1.  
 \*\* As a percentage of loans with borrower income information available. No information was available for 5.20% of loans originated and purchased by BANK.  
 \*\*\* Percentage of Families is based on the 1990 Census information.  
 \*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: STATE OF ARIZONA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Phoenix-Mesa MA 6200	3,481	42.62	68.18	37.46	58.09	19.65	22.26	1.22	1.99
Tucson MA 8520	2,034	24.90	73.50	38.50	62.00	19.37	18.63	2.51	4.11
Yuma MA 9360	662	8.10	76.89	58.76	64.20	20.85	14.95	6.96	19.79
<b>Limited Review:</b>									
Flagstaff MA 2620	533	6.53	74.54	50.66	68.29	16.70	15.01	3.94	8.17
Non-MA Areas	1,458	17.85	76.82	59.81	72.36	17.70	9.94	3.69	9.38

\* Based on 2002 Peer Small Business Data: WE Region.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 15.87% of small loans to businesses originated and purchased by the bank.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF ARIZONA			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Phoenix-Mesa MA 6200	24	15.69	83.77	50.00	58.33	16.67	25.00	3.21	3.66
Tucson MA 8520	14	9.15	87.05	57.14	21.43	35.71	42.86	12.50	19.05
Yuma MA 9360	74	48.37	75.25	82.43	56.76	29.73	13.51	36.67	51.61
<b>Limited Review:</b>									
Flagstaff MA 2620	1	0.65	91.80	100.00	100.00	0.00	0.00	0.00	0.00
Non-MA Areas	40	26.14	87.96	92.50	72.50	22.50	5.00	13.18	20.00

\* Based on 2002 Peer Small Business Data: WE Region.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2003).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: STATE OF ARIZONA									
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% Of Total	#	\$(000's)
<b>Full Review:</b>									
Phoenix-Mesa MA 6200	0	0	94	15,938	94	15,938	36.40	0	0
Tucson MA 8520	0	0	30	2,492	30	2,492	5.69	0	0
Yuma MA 9360	0	0	14	5,850	14	5,850	13.36	0	0
<b>Limited Review:</b>									
Flagstaff MA 2620	0	0	18	3,230	18	3,230	7.38	0	0
Non-MA Areas	1	15,790	33	486	34	16,276	37.17	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: STATE OF ARIZONA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Phoenix-Mesa MA 6200	40.98	17	35.42	0.00	35.29	23.53	41.18	11	6	-1	+1	+2	+3	4.95*	26.18*	39.16*	29.55*
Tucson MA 8520	22.11	6	12.50	16.67	16.67	33.33	33.33	4	1	0	0	+2	+1	5.36	28.23	35.16	31.25
Yuma MA 9360	10.64	6	12.50	0.00	16.67	66.66	16.67	2	2	0	-1	+1	0	0.01	34.35	37.15	28.49
<b>Limited Review:</b>																	
Flagstaff MA 2620	5.19	4	8.33	0.00	0.00	50.00	50.00	1	0	0	0	+1	0	14.16	22.73	38.18	24.93
Non-MA Areas	21.08	15	31.25	0.00	6.67	53.33	40.00	7	4	0	0	+2	+1	0.00	8.71	60.56	30.73

- Does not total 100% as .16% of the population resides in geographies that have not been assigned an income classification.